THE WEEKLY OF BUSINESS AVIATION

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LEARJET ANNOUNCES MORE LAYOFFS; 50 SERIES PRODUCTION CUT AGAIN

Gates Learjet Corp., faced with apparent deterioration in the order backlog for its top-of-the-line 50 Series aircraft, said last week it will lay off another 700 workers and cut production of the 50 Series below four units per month. The new layoffs, coupled with employe cutbacks announced earlier, will reduce the number of persons on the payroll to about 2,160–62.7 percent below the 5,800 employes the company had working on March 1.

Layoffs of the 700 announced last week were scheduled to begin Friday (Aug. 27) and extend into mid-October. The latest reductions will reduce the work force at the Tucson plant to 1,240 and cut the number of workers in Wichita to 920. The company said it has again revised its production plan and will begin operating on a four-day work week at Tucson in late November. A similar schedule for other areas of the company also is being considered, a spokesman said.

Production of the 50 Series (the company announced earlier that it was suspending production of its 20 and 30 Series aircraft) will be cut from the current level of four per month. Officials would not say what the new rate will be, but there have been published reports that it will drop to as low as two units per month.

While nearly all general aviation manufacturers have cut production because of a sharp drop in new sales due to high interest rates and the recession, the latest cutbacks at Learjet appear to be directly linked to problems in completing delivery arrangements with customers who had previously placed firm orders for 50 Series airplanes. The company announced in late May, when it cut Model 50 production from seven to four units per month, that it was experiencing "great difficulty confirming delivery arrangements" for the new aircraft *(BA, May 31/170)*. Learjet President B.S. (Bib) Stillwell told *BA* then that the 39th Model 50 had just been delivered and that there were 191 positions sold. Stillwell termed that a "very, very substantial backlog" that was expected to carry the company through 1984 at a production rate of four units per month.

Last week's announcement said production was being cut below four aircraft per month "primarily because a number of speculative buyers have not taken delivery of their aircraft. Other orders for 50 Series aircraft remain firm through 1983 and will be built to customer specifications as scheduled."

CAB ISSUES NPRM OUTLINING BUMPING PROCEDURES

Civil Aeronautics Board last Friday issued a notice of proposed rulemaking (NPRM) which outlines procedures under which an airline serving a community with federal subsidy can be "bumped" by another carrier offering to provide better service or offering to provide service at a lower subsidy cost *(BA, Aug. 9/42)*. Beginning Jan. 1, 1983, a carrier may apply to replace, or "bump," another airline that is receiving a subsidy under either the Section 406 or 419 program.

To bump a 406 carrier, the applicant must show that it can provide better service with less subsidy. To bump a 419 carrier, the applicant must show that it can provide better service at either the same subsidy or the same service at less subsidy. In either case, the new carrier would receive Section 419 subsidy (406 subsidy is being phased out), or provide the service at no subsidy.

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STATUS OF AIRPORT AND AIRWAY TRUST FUND
June 30, 1982

		Current Month	Fiscal Year to Date
I.	BALANCE - BEGINNING OF PERIOD	$4,399,833,975.89	$4,718,831,357.71
II.	RECEIPTS:		
A.	Excise Taxes (Transferred from General Fund):		
	1. Any liquid fuel other than gasoline	-0-	-0-
	2. Tires used on aircraft	-0-	-0-
	3. Tubes used on aircraft	-0-	-0-
	4. Gasoline:		
	a. Commercial 4 cents tax	-0-	-0-
	b. Non-commercial 4 cents tax	-0-	-0-
	c. Non-commercial 3 cents tax	-0-	-0-
	5. Transportation by air, seats, berths, etc.	-0-	-0-
	6. Use of international travel facilities	-0-	-0-
	7. Transportation of property and cargo	-0-	-0-
	8. Use of civil aircraft	-0-	-0-
	Total Tax Receipts	-0-	-0-
B.	Less Reimbursement to General Fund-Refund of Taxes and Estimated Tax Credits:		
	1. Commercial avaiation gasoline	-0-	-0-
	2. Non-commercial gasoline	-0-	-0-
	3. Civil aircraft	-0-	765,092.00
	4. Any liquid fuel other than gasoline	-0-	193,733.00
	5. Gasoline - Retailer's tax	-0-	3,534.00
	6. Airline Ticket Refund	-0-	-0-
	7. Gasoline - Manafacturers Tax	-0-	705.00
	Total Reimbursement for Tax Refunds		963,064.00
	Net Tax Receipts		(963,064.00)
C.	Federal Payments	-0-	-0-
D.	Transfers from the General Fund	-0-	-0-
E.	Interest on Investments	254,526,895.91	529,680,836.88
	Net Receipts	254,526,895.91	528,717,772.88
III.	EXPENDITURES:		
A.	Federal Aviation Administration:		
	1. Operations	99,999,409.25	252,643,561.57
	2. Grants-in-Aid for Airports	32,729,398.95	226,150,228.48
	3. Facilities and Equipment	19,584,076.45	216,849,335.83
	4. Research, Engineering and Development	4,958,490.46	54,758,909.02
B.	Aviation Advisory Commission-Salaries & Expenses	-0-	-0-
C.	Interest on Refunds of Taxes	-0-	57,599.00
	Total Expenditures	157,271,375.11	750,459,633.90
IV.	BALANCE-END OF PERIOD	4,497,089,496.69	4,497,089,496.69

STATEMENT OF FINANCIAL CONDITION

ASSETS:		
Undisbursed Balances:		
Airport and Airway Trust Fund (20X8103)	$ 1,246.61	
Operations	6,438.43	
Grants-in-Aid for Airports	(950,091.77)	
Facilities and Equipment	17,666,833.26	
Research, Engineering and Development	5,239,070.16	
Aviation Advisory Commission-Salaries and Expenses	-0-	$ 21,963,496.69
INVESTMENTS:		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS:		
12-3/8% maturing June 30, 1983	4,475,126,000.00	4,475,126,000.00
Total Assets		4,497,089,496.69
LIABILITIES:		-0-
EQUITY:		
Excess Assets over Liabilities		$4,497,089,496.69
Total Liabilities and Equity		4,497,089,496.69

Treasury Department Chart

Bureau of Government Financial Operations
Division of Financial Management
Trust & Revolving Funds Branch